

House Bill 97 - Finance Provisions - Differences Chart

1. Personal Income Tax		House (\$ in Millions)		Senate Version (\$ in Millions)	
Item	Description	FY 2015-16	FY 2016-17	Description	FY 2015-16 FY 2016-17
PIT Itemized Deductions	Unlimited medical expense deduction, 2016	(54.0)	(52.4)	Allow all itemized deductions, but cap at \$20,000, 2016	(287.5) (615.0)
PIT Standard Deduction				Increase standard deduction over 5 years from 15,000 to 18,500, beginning 2016.	
PIT Rate				Reduce rate from 5.75% to 5.5%, effective 2016.	
PIT Withholding				Withhold at rate equal to .1% higher than statutory rate.	
Subtotal, Personal Income Tax		(54.0)	(52.4)		(287.5) (615.0)

2. Corporate Income Tax		House (\$ in Millions)		Senate Version (\$ in Millions)	
Item	Description	FY 2015-16	FY 2016-17	Description	FY 2015-16 FY 2016-17
CIT Rate				Repeal trigger and put rates in statute: 4% in 2016 and 3% in 2017 (impact of rate trigger included in consensus forecast)	
CIT Expense Attribution				Eliminate current caps and credits for bank holding companies and electric power companies	12.0 21.0
CIT Tax Base				Eliminate obsolete deductions and close loophole corporations have attempted to use to avoid tax through interest expense deductions on loans from affiliates and related members	
Single Sales Factor Apportionment and Sourcing Methodology				Phase-in single sales factor over three years, adopt market based sourcing and industry specific guidelines based on MTC model	(7.5) (19.0)
Subtotal, Corporate Income Tax		-	-		4.5 2.0

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3. Other Business Taxes

House (\$ in Millions)

Senate Version (\$ in Millions)

Item	Description	FY 2015-16	FY 2016-17	Description	FY 2015-16	FY 2016-17
Franchise Tax Rate				Reduce rate from \$1.50 per \$1,000 to \$1.00; increase minimum tax to \$200; increase maximum tax on holding companies to \$150,000, 2017	-	(179.0)
Franchise Tax Base				Simplify base to make it more analogous to GAAP		
Article 5F Excise Tax	Expands eligibility for 1%/\$80 rate on mill machinery (HB 81)	(3.2)	(6.3)	Increase rate from 1%, \$80 cap to 4.75%, \$500 cap, October 1, 2015	100.0	140.0
Privilege Tax on Banks				Repeal, July 1, 2016	(12.0)	(12.0)
Renewable Energy Credit Safe Harbor	S.L. 2015-11	-	(36.7)	S.L. 2015-11	-	(36.7)
Renewable Energy Credit Extension*	Extend sunset until January 1, 2018 (fiscal impact is net of safe harbor provision enacted)	-	(10.3)			
Historic Preservation Credit	Creates new, modified tax credit (H152 - Senate Ways & Means)	(8.0)	(8.0)	NOT IN BUDGET -- SB 472 (House Rules) would authorize local governments to appropriate money for historic rehabilitation		
Rate-making				Directs Utilities Commission to consider business tax changes and adjust rates accordingly		
Subtotal, Other Business Taxes		(11.2)	(61.3)		88.0	(87.7)

* Includes renewable energy credit safe harbor provision.

4. Sales Taxes

House (\$ in Millions)

Senate Version (\$ in Millions)

Item	Description	FY 2015-16	FY 2016-17	Description	FY 2015-16	FY 2016-17
Motorsports Tax Refunds	Extend sunsets until January 1, 2020	-	(1.9)			
Data Center Infrastructure	Exempt electricity and equipment of a qualifying center from sales tax.	(3.0)	(4.0)			
Passenger Air Carriers Refund	House Bill 117	-	(5.5)			
Agricultural Fairs	Exempt admission charge from sales tax	(0.3)	(0.3)			

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4. Sales Taxes (cont'd)

House (\$ in Millions)

Senate Version (\$ in Millions)

Item	Description	FY 2015-16	FY 2016-17	Description	FY 2015-16	FY 2016-17
Service Contract on Aircraft/Jet Engine	Exempt from sales tax as of 7/1/17. Qualifying aircraft is one with a maximum take-off weight of more than 10,000 pounds but not in excess of 20,000 pounds			Definition is take-off weight between 9,000 and 15,000 pounds. Effective October 1, 2015. Must be purchased within 90 days of when the aircraft/jet was purchased.		
Sales Tax Rates on Boats and Aircraft				Increase rate from 3% to 4.75%; increase cap on aircraft from \$1,500 to \$5,000, October 1, 2015	4.2	5.2
Sales Tax Base Expansion				Eliminate sales tax exemption for installation; add repair and maintenance service; add veterinary and pet care service; add advertising. October 1, 2015	118.1	197.7
Sales Tax Refunds for Nonprofits				Phase-down amount of purchases for which a nonprofit may receive a sales tax refund over 5 years	-	40.0
Local Option Sales Tax (LOST)				Authorize LOST with a cap of 2.5%; grandfather Durham and Orange at 2.75%; tax may be for education, public transportation, or any public purpose. (Wake, Forsyth, and Guilford currently have rates of 2%, but authority to go to 2.75%; limited by this provision to maximum rate of 2.5%)		
Local Sales Tax Distribution of the 2% LOST				Phases-in a new distribution over 5 years from 75% point of collection/25% per capita to 20% point of collection/80% per capita		
Subtotal, Sales Tax		(3.3)	(11.7)		122.3	242.9

* Includes renewable energy credit safe harbor provision.

GRAND TOTAL	House Version	(68.5)	(125.4)	Senate Version	(72.7)	(457.8)
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